

NORFOLK, VIRGINIA

BUSINESS MEETING OF COUNCIL

TUESDAY, JANUARY 26, 2016

President Fraim called the meeting to order at 4:00 p.m. with the following members present: Ms. Graves, Ms. Johnson, Mr. Protogyrou, Mr. Riddick, Mr. Smigiel, Dr. Whibley and Mr. Winn.

A. JOINT MEETING WITH THE SCHOOL BOARD

Members of the School Board present, Rodney Jordan, Chair, Noelle Gabriel, M.D., Courtney Doyle, Tanya Bhasin, Reverend Edward Haywood, Superintendent Dr. Melinda Boone was also present.

Mayor Fraim welcomed the members of the schoolboard and thereupon called on the chair, Mr. Rodney Jordan to begin with a few opening remarks.

Mr. Rodney Jordan thanked the Council for providing this opportunity and stated that they will be back soon as the budget process proceeds.

Dr. Melinda Boone, superintendent, thanked Council for the opportunity to be here early on in her tenure in Norfolk and stated that she is most appreciative of the welcome and the support that she's received from the City. She noted that she will be scheduling one-on-one meetings with councilmembers in the coming weeks.

Manager Jones stated that he and Dr. Boone met and discussed how the school system and the city can work together. He highlighted examples where the city is partnering with the school system, including Norfolk emerging leaders, helping to fund in United for Children and Mayor's Commission on Poverty Reduction. He also noted that it is very important to talk about what's evolving in the terms of Military families. The Military Child Education Coalition (MCEC) is basically a worldwide nonprofit association that is focusing on education opportunities for children.

Dr. Boone commented the budget she will present to the School Board will focus on wraparound services and how they are supporting children and families in a way to be successful. She noted two new schools are under construction and will open two other schools this fall. In terms of the

Governor's proposed budget, information was provided on January 6th to the board on their early assessment of the impact of the Governor's proposed budget for Norfolk Public Schools. Their current approved budget is almost \$315 million.

They began their base planning with a \$6.7 million deficit due to one-time funds that were used for the current budget. As they plan for FY-16, there were two pots of money that created that \$6.7 million that closed significant budget gaps for the current fiscal year and those were prior years CTI funds for technology purchases and then reappropriation of \$4.4 million in carryover funds.

The key recommendations impacting public education include:

- Updates to the SOQ funding in direct aid
- Incentive and categorical funds
- New sales tax revenue estimates
- New composite indices based on the 2014-2016 biennium
- Increase to the employer district contributions paid to the Virginia Retirement System (VRS)
- Funding for additional school-based positions

Dr. Boone noted that this does not include any state contribution to raises in the first year of the biennium. When looking at those assumptions in the Governor's budget, they actually stand to gain through the SOQ adjustments primarily because there is a bit of a loss of funding in the incentive and categorical and lottery funding. When they look at all of this coming together, the district stands to gain an increase of \$6.7 million in revenue, which essentially offsets the beginning deficit that they had based on the one time funds that were used in the budget. The good news is that they closed the gap but the challenge is they now have no money for growth and other needs and services and programs that they have.

The major variables impacting the Norfolk budget based on the state: Student enrollment project, local composite index change, re-benchmarking of the SOQ and the increase in VRS contribution rates. They are projected to show a declining enrollment in FY-17 of about 300 students which certainly impacts Norfolk because enrollment is a significant driver of funding. The loss of enrollment equates to approximately \$1.5 million, but that begins to be offset by things such as re-benchmarking as it relates to the standards of quality as well as the shift now in the composite index.

Their ability to pay as presented in the Governor's budget for the next biennium will be a little bit less in terms of the composite index. The impact of the lower composite index is an additional \$2.5 million to the schools which again

is a significant piece. The \$6.7 million deficit that they began with balanced by the \$6.7 million in new revenue through the Governor's proposed budget creates the balance in that portion of the budget. There are other expenditure considerations that they have to face with the district:

- Cost of a 1% salary increase is approximately \$2.5 million
- Cost of VRS increase is \$1.0 million
- Additional State-funded instructional positions is \$1.3 million
- Additional Instructional Technology Resource Teaching positions \$1.5 million
- Health insurance cost
- Other general operational needs

Dr. Boone will present a budget to the School Board on March 1st. Every week in March the Board will be engaged in work sessions, public hearings and other actions moving towards adopting the budget by the end of March so that they will meet the requirement to have a budget submitted to the city by April 1st.

Councilwoman Johnson stated that this was good conversation. She noted that in the past City Council discussed finding ongoing revenue for the school system. Many people don't see Norfolk Public Schools as a business, but it is a multimillion dollar business and they should be treating it as such.

Councilman Smigiel stated that he asked at the last Council meeting about their seriousness of continuing forward with the CTE School and how Council can continue working on that. He also asked if it is still on the School Board's radar as an important priority.

Dr. Boone stated that the CTE School is something that she deeply believes in and she has engaged in conversations about the CTE School with the board members.

Mayor Fraim stated that they could schedule some time on a Tuesday at 2:00 when they don't have a City Council meeting and talk about the CTE School.

B. FY 2015 AUDIT RESULTS & CAFR

Cheryl Xystros, KPMG; John Sanderlin, City Auditor; & Christine Garczynski, Director of Finance, reported as follows:

Ms. Xystros stated that the audit of the June 30, 2015 financial statements has been completed. She added that the report required under government auditing standards related to compliance and internal controls has also been completed. Both reports were issued unmodified with no findings.

A letter dated December 23, 2015 was provided to Council listing in detail the required communications related to the audit. They looked at accounting policies and alternative treatments and there were no disagreements with management on financial accounting and reporting matters. There have been no consultations with other accountants and no significant difficulties encountered in completing the audit.

With regard to internal control and the A-133 audit, there were no material weaknesses at the financial statement level. Suggestions for improvement in internal control were discussed with management.

The city expended \$94.2 million in Federal assistance during FY15. Ten programs were audited; three at Norfolk Public Schools and seven at the city. All programs that receive Federal assistance in excess of \$2,800,000 are subject to audit at least once every three years. Certain smaller programs are audited each year based on their individual and collective risk profiles. Scoping will change in FY 2016 with implementation of the Uniform Guidance.

The A-133 audit findings are described in the Compliance Section of the CAFR. Ms. Xystros briefly described findings with regard to: CDBG, Title 1, Special Education, TANF and HIV. Four findings were noted based on procedures required by the Virginia APA.

C. CLOSED SESSION

Motion for closed session was approved for purposes which are set out in **Clause 3 of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act**, as amended:

- (3) Discussion of the disposition of publicly owned real property in the areas of South Military Highway area where discussion in open meeting would adversely affect the bargaining position of the public body.

Yes: Graves, Johnson, Protogyrou, Riddick, Smigiel, Whibley, Winn and Fraim.

No: None.

D. COUNCIL INTERESTS

1. Councilman Protogyrou:

With reference to his request for an after-action review to examine the practices and culture of City Hall following the indictment of City Treasurer Anthony Burfoot, he asked to meet with the auditor to discuss how to move forward. Councilman Winn asked for an internal audit of the City Treasurer's office be conducted.

2. Councilman Riddick:

- Asked the City Manager for a report on the Employee Compensation Plan, noting that some employees are not eligible for raises because they are at the top of their pay scale. Mayor Fraim commented that approximately 100 employees will be affected by this and he stressed that it needs to be corrected. Vice-Mayor Williams-Graves suggested comparing our plan to other plans in the region to ensure the city is paying competitive salaries.
- Asked for a report on the tax exempt status of the St. Thomas AME Zion Church and he forwarded documents to the City Attorney. Councilman Smigiel and Councilwoman Johnson asked for more information on churches and exemptions in general. The City Manager suggested having the City Assessor address City Council.
- Asked to re-examine the St. Paul's Boulevard quadrant, commenting that the boundaries have expanded and expressing opposition to that. Mayor Fraim echoed his request and asked the City Manager for a full presentation.

3. Councilwoman Whibley:

- With regard to Docket Item R-2, asked that Mr. Ricks look at the configuration of the outdoor seating to make sure that the pedestrian access is ADA compliant and meets the Complete Streets Policy.
- With regard to Docket Item PH-1, reiterated her concerns with regard to rental housing in that area. Mayor Fraim echoed her concerns.
- Asked what is being done to address regional issues. Mayor Fraim asked the City Manager to schedule time for discussion.

4. Councilwoman Johnson asked that the Administration respond to citizens' emails concerning the Love Locks.
5. Vice-Mayor Williams-Graves asked for an update on the Renovate Norfolk Program.
6. Councilman Smigiel asked for an update on earlier requests as follows:
 - When will the HRT sign in front of Northside Middle School be relocated?
 - When will repairs be made to the fencing around the Tidewater Drive underpasses in Ocean View?
 - What caliper trees will replace the trees that were lost near the Pretty Lake Bridge and who will be responsible for the replacement cost?
 - Will trees replace the bushes that were removed from our gateways to the city? In addition, he asked that appropriate staff explore using our new logo at the city's gateways.

Councilman Smigiel asked that requests such as those mentioned above be answered in Council's weekly memos.

E. SAFE, HEALTHY, AND INCLUSIVE COMMUNITIES **- 2015 REVIEW**

Chief of Police, Mike Goldsmith, reported as follows:

The majority of crime is related to property crime; in particular, larceny at 71 percent.

Homicides increased from 30 in 2014 to 35 in 2015. There are 15 open cases, 4 of which occurred in December 2015. The 10-year trend shows we are still seeing a downward trend in violent crimes. Rapes increased from 120 in 2014 to 128 in 2015; in 74 percent of these cases the victim and the suspect are somehow related to one another. The 10-year trend shows we are just about even with rapes and sexual assaults.

Our 5-year and 10-year robbery trend is still trending downwards, but this year there was an increase in reports from 412 to 494. The department has taken specific actions to deal with the increase such as enforcement tactics and meeting with store owners.

Aggravated assaults have increased and are primarily domestic in nature. These are difficult for the department to get a handle on because almost all of them occur behind closed doors. However, the department does engage with the Commonwealth Attorney's office to offer services to victims in order to get them out of a dangerous situation.

Violent crime increased from 1,249 reports in 2014 to 1,388 reports in 2015, and that is due to robbery numbers. Even with the uptick in 2015, the 10-year trend is still downward. Violent crime, in general, has increased in some urban areas countrywide.

There has been a significant drop in property crime between 2014 and 2015. The 5-year trend shows we are still trending downwards. The 5-year larceny trend is also down. In 2014, there was a spike in stolen vehicles, but it decreased in 2015 due to public education efforts. Total property crime is still on a downward trend for the 5- and 10-year trends.

The department is involved with many community partnerships. The Field Operations Strategic Plan includes hot-spot mapping, enforcement sweeps, high visibility patrols and predictive policing. Officers regularly attend neighborhood watch and civic league meetings and they provide community policing using community resource officers. With regard to the Ferguson Effect, data indicates no effect on the department.

The Fair and Impartial Policing (FIP) training in May 2015 included command staff, members of faith-based organizations and other community stakeholders. Several priorities were identified and a workgroup was established from trained participants to promote fair and impartial policing. The workgroup meets monthly to review policies and procedures. The CAKE Program (Cops and Kids) with the Southeastern Virginia Boys and Girls Club is a program that fosters a fun environment for mutual trust and provides youth an opportunity to recognize the police as their friends and mentors.

Milestones for the department include:

A Virginia CIT Coalition Award for Norfolk's Crisis Intervention Team (CIT) and accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA).

Vice-Mayor Williams-Graves asked:

- With regard to rapes, how many cases are solved and how many are unsolved?

- Are there grants available for small business owners to upgrade security equipment?

Councilman Protogyrou asked:

- With regard to domestic assaults, what are the trends involving military personnel returning from deployments in Iraq and Afghanistan? Does the military have solutions or programs in place to assist them?
- To schedule time at Council's next meeting for further discussion with Chief Goldsmith about his presentation.

Councilman Smigiel asked:

- How do our crime trends compare with population increases?